Agenda Report

TO: City Council   **DATE:**   November 5, 2001

FROM: City Manager

SUBJECT: Lease Agreement for Use of West Annex Parking Structure of the Parsons
              Infrastructure & Technology Group, Inc and Sub-Lease of Spaces to Rusnak
              Dealerships

RECOMMENDATION:

It is recommended that City Council:

1.   Authorize the City Manager to amend lease agreement 16785 with Parsons
      Infrastructure & Technology Group, Inc. for lease parking spaces in the West Annex
      Parking Structure;
2.   Authorize the City Manager to amend the sub-lease of said parking spaces with
      Rusnak Dealerships (lease agreement 16786); and
3.   Approve a journal voucher recognizing $24,800 from increased revenue from Rusnak
      Dealerships and $24,800 from an increase in sales tax revenue and appropriate them
      to the West Gateway Parking (8114-225-763232).

BACKGROUND:

On September 14, 1998, City Council approved a lease of parking spaces of the West Annex of
the Parsons Corporation parking structure to sublet to Rusnak Dealerships so that Rusnak
Dealerships could continue to successfully conduct business from their showrooms and service
facilities on West Colorado Boulevard. As a result, lease negotiations commenced and the City
entered into a 3-year lease agreement with Parsons Infrastructure & Technology Group, Inc. for a
sum of $175,000 annually. The term of the existing lease expires on November 14, 2001 and
Rusnak has requested that the City renew the contract so that the dealerships can continue to use
the parking spaces.

Staff has been working with representatives of Parsons and Rusnak to negotiate a new agreement
for continued use of the West Annex parking structure and recommends that the City re-enter
into a contract with Parsons to lease parking spaces, which will be reserved for the exclusive use
of Rusnak.

The following represents the highlights of the new lease:

1. The term of the lease agreement will be for 3 years;

2. The City will reduce the number of reserved parking spaces currently located on Level 2 of
    the parking structure;

3. The City must ensure that Rusnak will only use designated spaces;

4. The City will pay Parsons the sum of $224,600 annually for the term of the lease.

5. The City will confirm that Parsons can enter into short-term lease agreements for parking spaces to businesses within the Old Pasadena Parking Meter Zone boundaries so that businesses can meet their parking requirements through the lease agreements, thus allowing property owners of existing buildings to renovate their buildings for the good of the community; and

6. The price of $224,600 annually includes modifications to the garage and purchase of equipment necessary for special requirements of Rusnak to utilize the public parking facility. Currently, Rusnak Dealerships pays the City a sum of $25,000 for rental of the parking spaces. Rusnak understands that the lease agreement between the City and Parsons, if approved, will be increasing by $49,600 and agrees to share the cost of the additional rate and expects to pay the City an additional annual sum of $24,800 (for a new total annual sum of $49,800) for continued use of the parking spaces.

FISCAL IMPACT:

Approval of the new lease agreement between the City of Pasadena and Parsons will increase the current annual contract rate by approximately $49,600. Rusnak will pay half of the cost through an increase of $24,800 in lease revenue and the remaining $24,800 will come from an increase in sales tax revenue. It is anticipated that Rusnak Dealerships will have an increase in sales tax revenue with the introduction of a new line of vehicles from the Jaguar dealerships, which will result in a positive impact to the General Fund.

Respectfully submitted,

CYNTHIA J. KURTZ
City Manager

Prepared By:

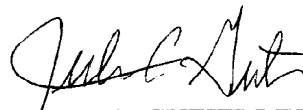JENNIFER I. JENKINS
Parking Manager

Concurred by:

JAY M. GOLDSTONE, DIRECTOR
Finance Department

Reviewed By:

BAHMAN JANKA
Transportation Administrator

Approved By:

JULIE A. GUTIERREZ, Acting Director
Public Works & Transportation Dept.